

VZCZCXRO8302  
RR RUEHAST RUEHBI RUEHCI RUEHDBU RUEHLH RUEHPW  
DE RUEHNE #5003/01 3201247  
ZNR UUUUU ZZH  
R 161247Z NOV 07  
FM AMEMBASSY NEW DELHI  
TO RUEHC/SECSTATE WASHDC 9303  
INFO RUEHCG/AMCONSUL CHENNAI 1904  
RUEHCI/AMCONSUL KOLKATA 1223  
RUEHLH/AMCONSUL LAHORE 4204  
RUEHBI/AMCONSUL MUMBAI 0996  
RUEHPW/AMCONSUL PESHAWAR 4686  
RUEHIL/AMEMBASSY ISLAMABAD 4166  
RHEBAAA/DEPT OF ENERGY WASHDC  
RUEATRS/DEPT OF TREASURY WASHDC  
RULSDMK/DEPT OF TRANSPORTATION WASHDC  
RHMFIUU/FAA NATIONAL HQ WASHINGTON DC  
RUEHRC/DEPT OF AGRICULTURE WASHDC  
RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE

UNCLAS SECTION 01 OF 02 NEW DELHI 005003

SIPDIS

SENSITIVE  
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USDOC FOR ITA/MAC/OSA/LDROKER/ASTERN/KRUDD  
DEPT OF ENERGY FOR A/S KHARBERT, TCUTLER, CZAMUDA, RLUHAR  
DEPT PASS TO USTR DHARTWICK/CLILIENFELD/AADLER  
DEPT PASS TO TREASURY FOR OFFICE OF SOUTH ASIA/ABAUOL  
TREASURY PASS TO FRB SAN FRANCISCO/TERESA CURRAN  
STATE FOR SCA/INS AND EB/TRA JEFFREY HORWITZ AND TOM ENGLE  
USDA PASS TO DUS TERPSTRA, FAS/OCRA, RADLER

E.O. 12958: N/A

TAGS: [BEXP](#) [EFIN](#) [EINV](#) [ECPS](#) [EINV](#) [EPET](#) [ETRD](#) [EAGR](#) [ELTN](#) [ENRG](#)  
EAID, SENV, IN  
SUBJECT: NEW DELHI WEEKLY ECON OFFICE HIGHLIGHTS FOR THE WEEKS OF  
NOVEMBER 5 - 16, 2007

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11. (U) Below is a compilation of Economic highlights from Embassy  
New Delhi for the weeks of November 5-16, 2007.

SUCSESSES FOR AES, VERIZON  
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12. (SBU) GOI Confirms Coal Field for U.S. Power Company AES: AES  
received on November 6, 2007 final GOI Cabinet and Ministry of Coal  
approval for the allocation of the captive Sayag Coal Block in the  
Mand-Raigarh Coalfields in central/eastern India's coal-rich state  
of Chhattisgarh to supply fuel to AES' planned 1,000-1,200 Megawatt  
(MW) thermal power plant. AES signed an MOU with the Chhattisgarh  
State Government in March 2006. AES expects coal production and  
power production to start up in 2012. AES is the only major power  
generation company with current (Orissa) and future (Chhattisgarh)  
projects in India, and other U.S. investors and power companies are  
watching the AES project to determine if India's power sector  
investment climate is favorable, following on several project  
failures during the 1990s. AES thanked Embassy New Delhi's Economic  
and Commercial sections and Consulate General Mumbai for their  
support over the last two years with the Ministry of Coal and  
Ministry of Power.

13. (SBU) Verizon Wins Long Distance Licenses: U.S. Telecom company  
Verizon Business announced on November 2, 2007 that India's Ministry  
of Communications and Information Technology (MCIT) Department  
Telecommunications (DOT) had approved Verizons' applications for an  
International Long Distance (ILD) license (applied for on February  
7, 2007) and for a National Long Distance (NLD) license (applied for  
on May 21, 2007). AT&T also provides ILD and NLD in India. Verizon  
already holds an internet service provider (ISP) license and has  
various local internet protocol (IP) hubs. Upon receipt of the  
ILD/NLD licenses, companies operating in India will benefit from

direct access to Verizon's advance internet protocol communications portfolio.

¶4. (SBU) Embassy New Delhi's Economic and Commercial Sections had press the MCIT/DOT for timely consideration of Verizon's license applications, culminating in Ambassador David C. Mulford's letter of September 18 to MCIT Minister Raja. Minister Raja had been preoccupied with the telecom licensing and spectrum allocation policy controversies. Verizon officials expressed their thanks for the support rendered by U.S. Embassy New Delhi, the State Department, and USDOC.

NOVARTIS WINS BATTLE BUT  
UNLIKELY TO WIN THE WAR  
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¶5. (SBU) The Chennai High Court ruled on November 13 that a two-member bench of the Intellectual Property Appellate Board (IPAB) could hear Novartis's appeal against the decision of the Indian Designs and Patents Office to refuse a patent for its anti-cancer drug Glivec. One of the lawyers involved in the case told Consulate Chennai that the order effectively blocked the participation of IPAB member S. Chandrasekaran, who headed the patent office when it rejected Glivec, before being appointed to the IPAB. Novartis was opposed to Chandrasekaran's participation as an IPAB member reviewing the Glivec case, arguing that he would be biased since he led the patent office that originally rejected Novartis's patent application. The lawyer added that this judgment would also effectively end Chandrasekaran's participation in a number of cases before the IPAB. However, the lawyer is still pessimistic about Novartis's chances for securing a patent for Glivec.

FALLING DOLLAR ENCOURAGES  
PHARMACEUTICAL COMPANIES  
TO BILL IN EUROS  
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¶6. (U) The continued weakening of the dollar against the rupee is encouraging some of South India's pharmaceutical companies to change their business practices. These companies are now adopting the euro as their favored currency when making quotes to prospective clients. The executive director at a facility that conducts cutting-edge research on pharmaceuticals told Consulate Chennai that his company now charged a premium if customers insist on dollar quotes, as a hedge against the risk of the dollar dropping even further. The head of finance at one of India's largest bio-pharmaceutical manufacturers told Consulate Chennai that his company had adopted similar measures. He said that realizations from dollar payments had dropped sharply, forcing the company to change the way it quotes prices for its services.

TAMIL NADU ANNOUNCES  
NEW INDUSTRIAL POLICY  
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¶7. (U) The Tamil Nadu (TN) government unveiled a new industrial policy on November 5 that outlines a plan to create 2 million jobs by 2011. The plan focuses on enhancing the manufacturing sector, calling for it to increase to 27 percent of the state's GDP by 2011 and 30 percent by 2015, up from 21 percent at present. Seeking to avoid land-use conflicts between industrialists and farmers, the TN government also announced that it will develop over the next five years a "land bank" of 10,000 acres with "quality infrastructure" to provide space for industrial parks. The government emphasized that it will avoid using "prime agricultural land" for this purpose.

¶8. (U) Visit New Delhi's Classified Website:  
<http://www.state.sgov/p/sa/newdelhi>

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